

Budgeting for Barn Owners

Tips for building a budget for your farm and remaining financially viable

Careful budgeting helps MisFit Farm's owner track income and expenses and guides her decisions on boarding rates.



ALAYNE BLICKLE PHOTOS

facility maintenance and repairs (including expenses such as gravel for driveways and new sand for arenas or paddock footing), facility upgrades or purchases (building a new arena or creating a trail course), labor, landscaping and lawn mowing, insurance, mortgage or rent, pasture management costs (fencing repairs, irrigation, temporary fencing) ... and the list goes on.

Farm owners often overlook categories such as costs for hiring a farm-sitter during vacations, work trips, or family/medical emergencies. Building this into your budget makes it possible for you to achieve balance in your life and handle the unexpected.

Also apply a number to your labor costs for things you do regularly, such as feeding, dragging arenas, and/or repairs. You might set this money aside in some type of savings account so you have those funds available. If a health or other issue requires hiring someone to fill in for you, you need to be able to pay for it.

Another often-neglected category is manure management. One horse produces 50 pounds of manure a day, which is 8 tons per year. Multiply that by the number of horses on your property, and you have a sizable situation on your hands. Building a compost bin is an investment, as is the cost of hauling off stall waste to a local compost facility. Capture and identify those upfront costs in your budget, so you know what you are dealing with.

MisFit Farm, in Redmond, Washington, is a 16-acre facility that neatly boards 18 high-end dressage horses. Owner and barn manager Teri Herrera has carefully organized and put together a budget and a business plan for her place that makes it appealing to her target clients.

"Know what your expenses are," she says emphatically. "Once you have your line item expenses identified, you can

Whether running a private operation with a few horses or a large boarding facility, the thought of budgeting can send some farm owners into a mental tailspin. The task can seem tedious and time-consuming, so they avoid it, figuring out how to manage things financially one step at a time. But for a commercial horse facility owner, having and sticking to a budget can be crucial to staying afloat. And for any horse owner it can be freeing, in that it allows you to make financially sound decisions on matters such as setting board rates or choosing a time frame for making big purchases.

Barn owners are subject to the same economic challenges and hardships as owners of any other business; when fuel prices go up, for instance, so do expenses such as costs for transporting supplies (in the barn owner's case, feed and bedding). Daily wear and tear on facilities takes its toll, and equipment must be repaired and

replaced so it remains in safe working order. Plus, horses are known for their destructive habits and can easily upset the barn budget apple cart when they kick, chew on, or break things.

A practical barn owner and/or manager that's both creative and diligent in overseeing facility expenses can provide a safe, functional, enjoyable facility, while also being profitable.

Building a Budget

The first step is to identify your costs. Begin by listing all expenses, whether regular monthly costs, such as mortgage and labor, or those that occur seasonally, such as extra hay. Create your own simple spreadsheet or use commercial budgeting software.

Items you'll want to capture include hay, grain/supplements (if you feed them), utilities (water, propane, electricity, trash), equipment maintenance and repairs (including fuel costs to operate),

budget and plan for them. Everything has a line item. There is good equine software out there with income and expense trackers. This will allow you to run monthly and yearly reports to monitor expenses.”

Patricia Cosgrove is the founder of Mary Olson Farm, a historical working farm owned and operated by the City of Auburn, Washington.

The 67-acre farm is dedicated to living history and environmental education. As such, it is home to two donkeys, a cow, six chickens, and a few barn cats. These animals greet 3,000 to 4,000 children per year as farm livestock ambassadors.

In the 24 years she ran Mary Olson Farm, it was critical for Cosgrove to have a budget, so she knew how much money she would need to raise each year to keep that component of the farm sustainable. “I needed a budget so I could go to the city and propose a spending plan,” she says.

Cosgrove set up her farm budget by allocating a line item for each category (utilities are paid for elsewhere, there are

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no insurance or boarding fees and no tractor costs, and her budget did not have to accommodate the on-site caretaker’s fees). Her simple annual budget looked something like this:

\$3,000	Hay and supplements
\$600	Farrier for donkeys
\$600	Veterinary services per year (deworming, vaccinations, wellness check)
\$800	Farm repairs (gate, fencing, etc.)
\$600	Continuing education for caretaker
.....	
\$5,600	Total per year

Cosgrove didn’t account for emergencies in her budget, because she could tap into the city’s or other grantmakers’ funds if one arose. However, as a horse

owner, she says, “It would be wise to have (contributions toward the equivalent of) a couple of months of expenses as a line item in your budget as an emergency or rainy-day fund.”

Toni Bucciero is an equine body work practitioner and owner of Equine Body Balance, in Emmett, Idaho. Besides this business, she boards a few horses on her 12-acre horse property. Bucciero uses budgeting as a tool to determine the income she needs to earn each month to cover expenses and make a living.

“It’s easy to me to figure out (the costs of) my mortgage, health insurance, auto insurance, homeowners insurance, liability insurance, utility costs, estimated gas expenses ... all the costs for me and my horses to live and work here,” she says. “Then I figure out how much I want to make per year (as profit). I add that (to) the costs, and I use that amount to determine that I can’t make anything less than that (total) amount” to maintain her current lifestyle. “You can take that amount



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and divide it up to determine how much you need to make each month, or even each week,” Bucciero adds.

She continues: “I also take into consideration things like, do I expect to have a two-week paid vacation? Will I need a new truck? All of these kinds of things get a line item and get figured into the budget, which then helps me see what I need to make (incomewise) so I can take care of myself, my horses, save for retirement, or think about anything else that I might need or want.” This includes but is not limited to dealing with emergencies or replacing other assets on her property.

Of course, expenses are only part of a budget; income is the other half. You need to record your income regularly, be it from boarding, training, nonequine

sources, or from equine body work, as in Bucciero’s case. “At the end of each week I do my bookwork,” she says. “Expenses and income get tallied in, and then I know where I’m at in reference to my financial goals.”

Keep Checking In

Like Bucciero, record your expenses as you go, and be sure to review your budget regularly—monthly or bimonthly—to note if expenses or revenue have gone up or down, and adjust accordingly.

“This measure of discipline (creating and following a budget) has given me so much more freedom to do what I want,” Bucciero says.

“Don’t procrastinate,” Herrera says. “Stay current with your expense inputs so

that you don’t lose sight of what you are spending and where you are heading. You might just realize it is time to raise board prices.”

In that case, being armed with a budget can make it easier to explain such decisions, because you can be specific about what costs are driving them. “Most boarders can understand things like higher taxes, increasing feed costs, or the need to give a pay raise to barn help,” Herrera says.

In short, a budget is meant to be an empowering tool that guides you in decision-making, which can make your horse life easier and your business plan successful. It can provide you with the peace of mind of knowing you truly are operating within your budget. 🐾

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